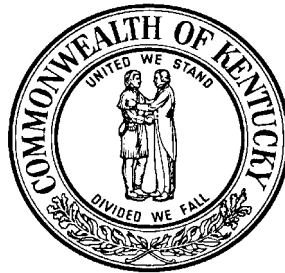


**REPORT OF THE AUDIT OF THE
WAYNE COUNTY
SHERIFF'S SETTLEMENT - 2000 TAXES**

June 14, 2001



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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Bruce Ramsey, Wayne County Judge/Executive
Honorable James L. Hill, Wayne County Sheriff
Members of the Wayne County Fiscal Court

The enclosed report prepared by Berger & Ross, PLLC, Certified Public Accountants, presents the Wayne County Sheriff's Settlement - 2000 Taxes.

We engaged Berger & Ross, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Berger & Ross, PLLC, evaluated the Wayne County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure

**AUDIT EXAMINATION OF THE
WAYNE COUNTY
SHERIFF'S SETTLEMENT - 2000 TAXES**

June 14, 2001

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EXECUTIVE SUMMARY

**AUDIT EXAMINATION OF THE
WAYNE COUNTY
SHERIFF'S SETTLEMENT - 2000 TAXES**

June 14, 2001

Berger & Ross, PLLC has completed the audit of the Sheriff's Settlement - 2000 Taxes for Wayne County Sheriff as of June 14, 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

The Sheriff collected taxes of \$3,362,063 for the districts for 2000 taxes. The Sheriff distributed taxes of \$3,217,514 to the districts for 2000 Taxes. Taxes of \$8 are due to the school districts from the Sheriff and no refunds are due to the Sheriff.

Deposits:

The Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

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Kentucky

There is a tax relief law
in the way of the state
for the state of Kentucky
and the state of Kentucky
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To the People of Kentucky
Honorable Paul E. Patton, Governor
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Dana Mayton, Secretary, Revenue Cabinet
Honorable Bruce Ramsey, Wayne County Judge/Executive
Honorable James L. Hill, Wayne County Sheriff
Members of the Wayne County Fiscal Court

Independent Auditor's Report

We have audited the Wayne County Sheriff's Settlement - 2000 Taxes as of June 14, 2001. This tax settlement is the responsibility of the Wayne County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Wayne County Sheriff's taxes charged, credited, and paid as of June 14, 2001, in conformity with the modified cash basis of accounting.

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Bruce Ramsey, Wayne County Judge/Executive

Honorable James L. Hill, Wayne County Sheriff

Members of the Wayne County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated June 6, 2002, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -
June 6, 2002

WAYNE COUNTY
JAMES L. HILL, SHERIFF
SHERIFF'S SETTLEMENT - 2000 TAXES

June 14, 2001

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 313,189	\$ 454,716	\$ 1,572,901	\$ 590,274
Tangible Personal Property	38,059	40,891	106,122	94,669
Intangible Personal Property				30,029
Bank Franchise Corporation Taxes	37,914			
Fire Protection	5,090			
Franchise Corporation Taxes	39,368	41,206	110,816	
Undeveloped Oil and Gas Reserves	76	107	394	139
Additional and Supplemental Bills	85	119	439	60
Limestone, Sand and Gravel Reserves	34	58	158	77
Correcting Erroneous Tax Assessments	49	69	255	521
Penalties and Interest	3,059	4,223	14,352	5,618
Gross Chargeable to Sheriff	<u>\$ 436,923</u>	<u>\$ 541,389</u>	<u>\$ 1,805,437</u>	<u>\$ 721,387</u>
<u>Credits</u>				
Discounts	\$ 5,972	\$ 7,223	\$ 24,404	\$ 10,667
Exonerations	2,992	4,049	13,590	6,308
Unpaid Franchise Taxes	92	95	272	
Delinquents	7,063	10,296	35,774	14,276
Total Credits	<u>\$ 16,119</u>	<u>\$ 21,663</u>	<u>\$ 74,040</u>	<u>\$ 31,251</u>
Net Tax Yield	\$ 420,804	\$ 519,726	\$ 1,731,397	\$ 690,136
Less: Commissions *	<u>18,172</u>	<u>22,026</u>	<u>69,343</u>	<u>29,618</u>
Taxes Due Districts	\$ 402,632	\$ 497,700	\$ 1,662,054	\$ 660,518
Less: Taxes Paid	402,069	496,856	1,659,130	659,459
Less: Current and Prior Year Refunds	<u>563</u>	<u>844</u>	<u>2,916</u>	<u>1,059</u>
Due District			**	
as of Completion of Field Work	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8</u>	<u>\$ 0</u>

* and ** See Page 4.

WAYNE COUNTY
JAMES L. HILL, SHERIFF
SHERIFF'S SETTLEMENT - 2000 TAXES
June 14, 2001
(Continued)

* Commissions:

10%	on	\$	10,000
4.25%	on	\$	1,620,666
4%	on	\$	1,731,397

** School Taxing Districts:

Common School District	\$	4
Monticello School District		<u>4</u>
Due Districts	<u>\$</u>	<u>8</u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT

June 14, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue, which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue, which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of November 29, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
June 14, 2001
(Continued)

Note 3. Tax Collection Period

Property Taxes

The real and personal property tax assessments were levied as of January 1, 2000. Property taxes were billed to finance governmental services for the year ended June 30, 2001. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 11, 2000 through May 31, 2001.

Note 4. Interest Income

The Wayne County Sheriff earned \$4,041 of interest income on 2000 taxes and distributed such amount to the Common School district and the Monticello Independent School district as required by statute and the remaining amount was used to operate the Sheriff's office.

Note 5. Sheriff's 10% Add-On Fee

The Wayne County Sheriff collected \$24,685 of 10% add-on fees allowed by KRS 134.430(3). This amount was used to operate the Sheriff's office.

Note 6. Advertising Costs And Fees

The Wayne County Sheriff collected \$717 of advertising costs allowed by KRS 424.330(1) and KRS 134.440(2). The Sheriff distributed the advertising costs to the county as required by statute, and the advertising fees was used to operate the Sheriff's office.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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Kentucky Society of CPAs
Association of Certified Fraud Examiners
Association of Government Accountants
Chartered in the Commonwealth of Kentucky
National Association of Accountants
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Taxpayers' Choice Award Winner

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Honorable James L. Hill, Wayne County Sheriff
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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Wayne County Sheriff's Settlement - 2000 Taxes as of June 14, 2001, and have issued our report thereon dated June 6, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Wayne County Sheriff's Settlement - 2000 Taxes as of June 14, 2001 is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wayne County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -
June 6, 2002

